

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

COME-00 EB-07 LAB-04 SIL-01 NSCE-00 SSO-00 USIE-00

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 6325

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY LISBON

AMEMBASSY COPENHAGEN

AMEMBASSY STOCKHOLM

AMEMBASSY OSLO

USMISSION NATO

USMISSION EC BRUSSELS

C O N F I D E N T I A L MADRID 5299

E.O. 11652: GDS

TAGS: PINT, PFOR, SP

SUBJECT: SUAREZ CABINET - FIRST IMPRESSIONS

1. IF ONE LAYS ASIDE THE PROBLEMS THAT ATTENDED ITS
CREATION, THE SUAREZ CABINET IS NOT A BAD LOT. THERE IS
A PRONOUNCED CENTRIST ACCENT, PARTICULARLY IN TERMS OF
THE UDE (CONSERVATIVE CHRISTIAN DEMOCRATS) OR TACITO (CDS
OF MORE PROGRESSIVE PERSUASION) AND EVEN CRITICS OF THE
CABINET NOTE THAT ITS MEMBERS ARE CONSIDERED TO BE TECHNICALLY
COMPETENT. THE UDPE MEMBERS ARE NOT FROM THE CURRENT
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LEADERSHIP -- OF A PRONOUNCED FRANCO-ITE STRIPE -- BUT

MORE PERSONAL ASSOCIATES OF SUAREZ WHEN HE HEADED THE PARTY. ALMOST ALL HAVE A PERSONAL RELATIONSHIP WITH EITHER SUAREZ OR OSORIO -- SUAREZ' CONFIDANT. THE ECONOMIC TEAM (AND SUAREZ AND OSORIO) ARE CONGENIAL TO IMPORTANT SECTORS OF THE FINANCIAL COMMUNITY, AN IMPORTANT MATTER IN RESPECT OF THE NEED FOR ECONOMIC CONFIDENCE BUILDING. THERE IS NEITHER AN OPUS DEI NOR A FRANCO-ITE CAST AND EVEN THE LACK OF POLITICAL STARS -- THOUGH NOT THE ORIGINAL CONCEPTION OF THE KING AND SUAREZ -- COULD BE AN ADVANTAGE FOR WHAT SUAREZ BILLED AS A "TRUSTEE" GOVERNMENT AND HIS MINISTER OF INFORMATION CALLED A TRANSITION TEAM.

2. WE JUDGE THE COMMITMENT TO REFORM GENUINE -- THOUGH GOOD INTENTIONS WILL NOT BE ENOUGH AND THERE IS ALL TOO MUCH SUSPICION OF MOTIVES EVEN THOUGH THE OPPOSITION, PARTICULARLY THE PSOE, TAKE A WAIT AND SEE, REASONABLY OPEN-MINDED ATTITUDE IN PRIVATE. THE PROBLEM, DETAILED IN EARLIER MESSAGES, REALLY STEMMED FROM THE REFUSAL OF AREILZA AND OTHER REFORMISTS FROM THE LAST CABINET TO STAY ON, LEADING MORE THAN THE DISPUTE OVER PROGRAM -- TO THE REFUSAL OF SUCH PEOPLE AS PIO CABANILLAS AND ALVAREZ DE MIRANDA TO JOIN. WHILE AREILZA'S PRIDE MUST BE LAMENTED, IN FAIRNESS HE WAS BADLY HANDLED AND BOTH HE AND FRAGA APPARENTLY LAY THE BLAME TO CORTES AND COUNCIL OF THE REALM PRESIDENT FERNANDEZ MIRANDA, WHOM THEY BELIEVE TO HAVE BEEN TOO CLEVER BY HALF FOR THE KING'S OWN GOOD. NONETHELESS, OREJA AND OTHERS OF TACITO PERSUASION DID JOIN THE CABINET, PRESUMABLY AT THE APPEAL OF THE KING AND WITH THE UNDERSTANDING, IF NOT THE BLESSING, OF THOSE WHO STAYED OUT.

3. THUS THE PROBLEMS, IN OUR JUDGMENT, DO NOT STEM SO MUCH FROM THE ISSUES OF INTENTION, COHERENCE, OR POTENTIAL FOR COMPETENCE. THEY STEM FROM IMAGE, THE NEED TO CONSTRUCT CREDIBILITY AND, INTIMATELY RELATED TO THESE, THE CONCRETE QUESTION OF THE SUAREZ GOVERNMENT'S POLICY WITH RESPECT TO POLITICAL REFORMS AND ECONOMIC RECONSTRUCTION. WE SHOULD PROBABLY NOT HAVE TO WAIT TOO LONG FOR INDICATIONS OF THE APPROACHES THEY WILL TAKE; THERE IS A CABINET MEETING TOMORROW, AND A CORTES SESSION

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SCHEDULED FOR THE 13TH. THE PRINCIPAL ISSUES IMMEDIATELY BEFORE THEM ARE:

-- WHAT TO DO ABOUT THE REFERENDUM. IT IS WORTHWHILE TO RECALL THAT DISCONTENT WITH THE FORM OF THE REFERENDUM ENVISAGED BY ARIAS PLAYED A ROLE IN HIS DOWNFALL, AND THAT OREJA IN PARTICULAR HAS BEEN AN ADVOCATE OF A VARIETY OF "PROSPECTIVE" REFERENDUM WHICH WOULD POSE CERTAIN

SPECIFIC, BUT SIMPLE QUESTIONS, E.G. DO YOU WANT A PARLIAMENTARY DEMOCRACY, UNIVERSAL SUFFRAGE, AND A FREE LABOR STRUCTURE (MADRID 3188).

-- WHAT TO DO ABOUT THE CURRENT FORM OF THE PROPOSAL FOR A NEW CORTES, PARTICULARLY THE UNSATISFACTORY MAINTENANCE OF FRANCO'S 40, THE ALMOST LIFETIME NATIONAL COUNSELORS, IN THE UPPER HOUSE, AS WELL AS THE ELECTORAL LAW.

-- WHAT TO DO ABOUT THE ECONOMY, PARTICULARLY IN RESPECT OF THE PROBLEMS OF INFLATION AND UNEMPLOYMENT.

-- WHAT SHOULD THE UNTRIED LABOR TEAM DO ABOUT THE RELATED ISSUE OF LABOR REFORM, SO THAT RELATIVE LABOR PEACE CAN NOW BE PRESERVED, PARTICULARLY IN THE CRUCIAL OCTOBER PERIOD.

-- HOW TO GO ABOUT BRINGING THE OPPOSITION TO ACCEPT THE NEW GAME AS REASONABLE AND FAIR WITHOUT GIVING AWAY CONTROL OVER THE PROCESS.

-- HOW TO GO ABOUT KEEPING PUBLIC ORDER WHILE BRINGING UNDER CONTROL THE EXCESSES OF THE CIVIL GUARDS IN THE BASQUE COUNTRY, MARTIN VILLA'S UN-ENVIABLE TASK, TO WHICH IS ADDED THE LESS DIFFICULT BUT NONETHELESS TROUBLESOME TASK OF DISTINGUISHING BETWEEN LICIT POLITICAL ACTIVITY AND ILLICIT AGITATION.

-- WHAT TO DO ABOUT THE COMMUNIST PARTY, WHICH IS PRESUMABLY NOT TO BE LET INTO THE GAME, AT LEAST YET, BUT WHICH MUST BE POLITICALLY NEUTRALIZED
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IN RESPECT OF ITS ABILITY TO CREATE SERIOUS LABOR TROUBLE.

4. IF THEY SUCCEED, PARTICULARLY IN THE EARLY DAYS, IN PROJECTING A SENSIBLE APPROACH TO THE REAL PROBLEMS FACING THEM, THE CREDIBILITY PROBLEM WILL DIMINISH. IF, ON THE OTHER HAND, THE GOS RUNS INTO HEAVY WEATHER, THE MOST TROUBLESOME ASPECT WILL BE THE DIRECT IDENTIFICATION OF THE KING WITH THE SUAREZ GOVERNMENT.
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